

Message Text

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43

ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-10 CEA-01

CIAE-00 COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15

STR-04 TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01

XMB-04 OPIC-06 /127 W

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R 311313Z JUL 75

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 1289

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY DUBLIN

USDEL MTN GENEVA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

UNCLAS COPENHAGEN 2182

E.O. 11652: N/A

TAGS: ETRD, EEC, DA

SUBJECT: GUNDELACH ON U.S. AND E.C. STRATEGY IN MTNS

1. SUMMARY: EC COMMISSIONER GUNDELACH IN PRESS STATEMENT
JULY 31 URGED THE FORMULATION OF AN EC TRADE POLICY
STRATEGY IN MTNS TO COUNTER AN ALREADY ESTABLISHED AND
RESOLUTE U.S. STRATEGY. END SUMMARY.

2. EC COMMISSIONER FINN GUNDELACH IN A STATEMENT TO
COPENHAGEN FINANCIAL DAILY BORSEN JULY 31 SAID THAT
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THE EC IS UNDER MASSIVE AMERICAN PRESSURE TO GRANT

CONCESSIONS TO U.S. EXPORTS TO EUROPE. GUNDELACH REGISTERED AN INCREASING AMERICAN INTEREST IN EXPORT MARKETS, PRIMARILY EUROPE AND JAPAN, AS A MEANS TO REMEDY STRUCTURAL UNEMPLOYMENT. HE DID NOT CONSIDER THE SERIES OF SKIRMISHES OVER, INTER ALIA, CHEESE, GLASS, HAMS, AND AUTOMOBILES AS MERELY COINCIDENTAL OR LOBBY-INSPIRED, BUT AS COMPONENTS OF A DETERMINED TRADE POLICY STRATEGY.

3. GUNDELACH STRESSED THAT THE AMERICAN STRATEGY COULD BE COUNTERED ONLY BY A SIMILAR EC STRATEGY WHICH AT PRESENT DID NOT EXIST. THE HARD-GAINED EC PLATFORM FOR THE MTNS CONTAINED NO SUCH STRATEGY AND REFLECTED TOO MUCH EXPECTATION THAT THE MTNS WOULD BE A REPETITION OF THE KENNEDY ROUND. GUNDELACH OPINED THAT THE TARGET OF MTNS MUST BE ENTIRELY DIFFERENT; I.E., TO FORMULATE A NEW SET OF TRADE POLICY RULES GEARED TO A WORLD OF FUNDAMENTALLY CHANGED ECONOMIC FACTORS.

4. REITERATING THE PRIORITY WHICH NTBS MUST HAVE OVER TARIFFS, GUNDELACH SAID IT WAS HIS IMPRESSION THAT THE U.S. CONSIDERED TECHNICAL TRADE BARRIERS THE GREATEST OBSTACLE TO U.S. EXPORTS, AND ALSO THAT THE U.S. WAS SOMEWHAT RELUCTANT IN GRANTING CONCESSIONS IN RETURN. HE MENTIONED AS AN AREA OF POTENTIAL AMERICAN CONCESSIONS THE COMPLICATED AMERICAN TARIFF NOMENCLATURE WHICH CAUSED GREATER PROBLEMS THAN GENERALLY IMAGINED.

5. GUNDELACH FELT THAT THE U.S. NEGOTIATING POSITION IS STRENGTHENED BECAUSE AN ECONOMIC UPTURN IS EXPECTED THERE EARLIER THAN IN EUROPE.

6. HE EMPHASIZED THAT IT WOULD BE BETTER FOR ALL PARTIES CONCERNED IF THEY TRIED TO SOLVE PROBLEMS MUTUALLY AND IF THEY RECOGNIZED THE TIES BETWEEN TRADE, MONETARY, ENERGY, AND RAW MATERIALS PROBLEMS. THESE PROBLEMS MUST BE DISCUSSED IN A CONTEXT, BUT NOT NECESSARILY WITHIN ANY NEW ORGANIZATION AND NOT UNCLASSIFIED

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ONLY WITH THE INDUSTRIALIZED NATIONS. THE BROAD ECONOMIC-POLITICAL DEBATE SHOULD TAKE ITS START FROM CERTAIN ESTABLISHED FACTS: (A) A REDUCED GROWTH LEVEL; (B) TECHNOLOGICAL DEVELOPMENTS; AND (C) CHANGED ECONOMIC STRUCTURES BECAUSE OF, INTER ALIA, RISING ENERGY COSTS AND ALTERNATIVE ENERGY SOURCES.

7. GUNDELACH CONCLUDED THAT REGARDLESS OF THE ANTICIPATED RECOVERY OF ECONOMIC ACTIVITY, CONTINUED STRUCTURAL UNEMPLOYMENT MUST BE EXPECTED AND WOULD CONSTITUTE A SOCIO-ECONOMIC PROBLEM STILL TO BE CONSIDERED. HE THOUGHT THAT THIS WAS EXACTLY WHAT THE U.S. HAD HAD IN MIND IN THE FORMULATION OF THE NEW EXPORT-ORIENTED TRADE STRATEGY.
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